

STATE OF MAINE  
SECURITIES DIVISION  
121 STATE HOUSE STATION  
AUGUSTA, ME 04333

IN RE

EDWARD W. KNIPPING, EDWARD W.  
KNIPPING D/B/A TIME TRADERS,  
TIME TRADERS INVESTMENT GROUP,  
AND TIME TRADERS INVESTMENT  
INCORPORATED, (COLLECTIVELY  
REFERRED TO AS "TIME TRADERS"),  
AND ALL EMPLOYEES,  
COORDINATORS, MANAGERS AND  
RECRUITERS OF TIME TRADERS  
INCLUDING, BUT NOT LIMITED TO,  
DANIEL COSTA, JESS R. MEDINA, JR.,  
CHARLES THOMPSON, JOHN  
THOMPSON, BRIAN LAPPAN, DAVID  
RUBRIGHT, JIM PRICE, HANK  
HOEKSTRA, BECKY RITCHIE AND  
JASON CALABRESE

CEASE AND DESIST  
ORDER  
01-040

FINDINGS OF FACTS AND CONCLUSIONS OF LAW

1. Edward W. Knipping ("Knipping") is a resident of Maine, living in Boothbay. Time Traders Investment Incorporated was incorporated in December, 2000 pursuant to the laws of Maine and uses a post office box in Boothbay Harbor as its business address. Time Traders, Time Traders Investment Group and Time Traders Investment Incorporated (hereinafter collectively referred to as "Time Traders") are all entities created and which at all times have been controlled by Knipping while residing in Maine.
2. On or about April 25, 2001, the Securities Administrator of the Securities Division for the State of Maine ("the Securities Division"), received information from the State of Arizona Securities Commission regarding Knipping and monies wired to an account of his at a bank in Maine ("the Packard Account"). The Securities Administrator was informed at this time that monies in Knipping's Packard account

had emanated from a ponzi-like scheme set up in Arizona and that these monies amounted to approximately 1.5 million dollars.

3. Several months prior to this telephone conversation, in or about November of last year, the Securities Division received information that a Maine resident received a solicitation in the mail to invest funds in "Time Traders". This letter refers to a "Mr. Edward Nepplete of Boothbay Harbor" as the "founder of Time Traders".
4. The Securities Division was able to ascertain that the "Edward Nepplette" referred to in the solicitation letter was, in fact, Knipping.
5. The Securities Division's review of Knipping's bank records revealed that Knipping has three accounts, the Packard Account, referred to above, a business checking account ("the Time Traders Account"), and a business savings account (which is largely dormant). Knipping's Packard Account is a joint personal account in the name of Knipping and his wife, and the two business accounts are in the name of "Edward W. Knipping doing business as Time Traders".
6. A review of Knipping's bank records indicated numerous deposits from individuals in many states amounting to several million dollars. Some of the checks deposited noted that the monies were for the purposes of investment. The deposits into the Time Traders Account are in the form of large numbers of money orders, cashier's checks and personal checks from individuals around the country, and include several Maine residents.
7. On May 1, 2001, an employee of the Securities Division spoke to a Texas resident who confirmed that he had invested in Time Traders and identified Knipping as the person responsible for investing his funds. The Texas investor's understanding was that Knipping traded groups of investors' monies in the futures markets.
8. On May 15, 2001, Knipping was interviewed by the FBI and representatives of the Securities Division.
9. Prior to being questioned, Knipping was informed that he was not compelled to answer any questions, that his attendance was voluntary, and that he was free to leave at any time.
10. During this interview, Knipping stated that his current occupation is running Time Traders which he had established himself. Knipping said that he is the sole officer of Time Traders.
11. Knipping stated that he came up with the concept of Time Traders in order to help those who would not otherwise have enough monies to invest. Knipping said that, through Time Traders, he would invest Time Traders Investors' monies as a group in index futures. Knipping said that he would do all the trading on behalf of Time Traders investors.

12. Knipping further stated that he is not a licensed broker-dealer, nor has he ever been.
13. Knipping further stated that Time Traders is organized as a network of investment groups and that within these groups there are “coordinators”, “managers” and “recruiters” who receive a percentage of monies from Knipping’s investment profits for their services.
14. Knipping agreed to provide a number of documents relating to Time Traders in his interview.
15. As a result of Knipping’s admissions made during his interview and the Securities Division’s review and findings of Knipping’s bank records, the Securities Division wrote to Knipping by letter dated May 17, 2001, informing him that it was unlawful for him to continue running Time Traders. The Securities Division also asked for his immediate written assurance that he would cease all trading activity unless and until all transactions were in compliance with Maine law.
16. In the letter of May 17, 2001, the Securities Division also asked for the documents which Knipping had agreed to provide during the interview.
17. By letter dated May 24, 2001, Knipping’s attorney wrote to the Securities Division denying the Securities Division’s request for Knipping’s documents on the grounds that producing them may be self-incriminating. Knipping’s attorney further wrote that his client was now asserting his privilege against self-incrimination with respect to the Securities Division’s request for Knipping’s written assurance that he cease trading unless and until such transactions were in compliance with Maine law, but stated that Knipping is not engaged in any trading activity whatsoever. Knipping’s attorney did not give any assurance to the Securities Division that Knipping would cease violating Maine law. Furthermore, no assurance was given by Knipping’s attorney that Knipping’s future activities would be in compliance with Maine law.
18. The solicitation and pooling of investors’ monies with the expectation that the investors will receive a return on their monies as a result of Knipping’s and Time Traders’ trading activity constitutes an investment contract. An investment contract is a security under 32 M.R.S.A. §10501 (18).
19. It is unlawful for Knipping, Time Traders or any employee, manager, coordinator or recruiter of Time Traders to offer or sell any security in Maine unless the security is registered, is exempt from registration or is a federal covered security under 32 M.R.S.A. §10401.
20. The Securities Division has no record that Knipping’s or Time Traders’ security has been registered for offer or sale in Maine; nor is the Securities Division aware

of any applicable exemption from registration for which Knipping's or Time Traders' security might qualify.

21. In receiving investors' monies for investment in a pool to be invested in index futures, Knipping and Time Traders are transacting business as a broker-dealer under 32 M.R.S.A. § 10501(1).
22. It is unlawful for any person to transact business in Maine as a broker-dealer in Maine unless the broker-dealer is licensed or exempt from licensing under 32 M.R.S.A. § 10301(2). The Securities Division has no record that either Knipping or Time Traders is licensed as a broker-dealer in Maine. Knipping admitted that neither he nor Time Traders is licensed as a broker-dealer during the interview.
23. It is unlawful for any person to transact business in Maine as a sales representative unless licensed or exempt from licensing under 32 M.R.S.A. § 10301 (2). In receiving investors' monies and effecting purchases of interests in index futures on behalf of Time Traders, Knipping, and the employees, managers, coordinators and recruiters of Time Traders are acting as sales representatives under 32 M.R.S.A. § 10501(16). The Securities Division has no record that Knipping, the employees, managers, coordinators and recruiters of Time Traders are licensed as sales representatives in Maine nor is it aware of any applicable exemption from licensing for which they might qualify.
24. It is unlawful for any broker-dealer to employ or contract with a person as a sales representative in Maine unless the sales representative is licensed or exempt from licensing.
25. For the reasons stated above, the Securities Administrator reasonably believes that Knipping, Time Traders, and the employees, managers, coordinators and recruiters of Time Traders, including, but not limited to, Daniel Costa, Jess R. Medina, Jr., Charles Thompson, John Thompson, Brian Lappan, David Rubright, Jim Price, Hank Hoekstra, Becky Ritchie and Jason Calabrese, have engaged, are engaging or are about to engage in acts or practices constituting violations of the Revised Maine Securities Act.
26. On June 13, 2001, the Securities Administrator issued a Notice of Intent to Issue a Cease and Desist Order. The Notice gave respondents thirty (30) days to request a hearing on the matter. To date, no hearing has been requested.

#### FINAL ORDER

Now, therefore, it is ORDERED that Knipping, Time Traders and the employees, managers, coordinators and recruiters of Time Traders, including, but not limited to, Daniel Costa, Jess R. Medina, Jr., Charles Thompson, John Thompson, Brian Lappan, David Rubright, Jim Price, Hank Hoekstra, Becky Ritchie and Jason Calabrese,

immediately CEASE AND DESIST from violating any provisions of the Revised Maine Securities Act.

Pursuant to 32 M.R.S.A. § 10708, this is a final order, entered after notice and opportunity for hearing. Pursuant to 32 M.R.S.A. § 10709, a party to this order may obtain judicial review of the order in Kennebec County Superior Court by filing a petition, within thirty (30) calendar days after receipt of the order, in accordance with 5 M.R.S.A. § 11001 et sq. and Rule 80C of the Maine Rules of Civil Procedure.

Date: \_\_\_\_\_

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Christine A. Bruenn  
Securities Administrator